



Calbee

Calbee Group Financial Results

Fiscal year ended March 31, 2023

April 1, 2022 – March 31, 2023

※カルビーの代表産地である北海道で撮影しています。

TSE code : 2229

Calbee, Inc.

May. 9, 2023

Financial results executive summary



- FY2023/3 financial results: Net sales up ¥33.9bn, operating profit down ¥2.9bn as price and content revisions were unable to offset cost increases, including the sharp rise in raw material and energy prices
- FY2024/3 plan: ¥13.7bn increase in net sales, ¥1.8bn increase in operating profit
Implement plan (make appropriate investments) in accordance with growth guidance set out in “Change 2025”
- Accelerate efforts on priority issues and strengthen foundation for our 2030 Vision
- Plan to continuously increase dividend in FY2024/3, aiming for a total return ratio of 50% or more and DOE of 4%

1 . FY2023/3 Financial Results

FY2023/3 Results highlights



Summary

Net sales ¥279.3bn (+¥33.9bn YoY, +¥5.3bn vs. revised plan)
Operating profit ¥22.2bn (-¥2.9bn YoY, +¥0.2bn vs. revised plan)

YoY: Despite having implemented price revisions in both domestic and overseas markets, snack sales remained strong throughout the year, even as operating profit declined due to the sharp rise in raw material and energy costs

Vs. revised plan: In line with the revised plan due to strong performance in Japan, despite falling short of the plan in Greater China due to the impact of lockdowns

(Billion yen)

	FY2023/3	FY2022/3	Change	FY2023/3 revised plan	vs. plan Ratio
Net sales	279.3	245.4	+13.8%	274.0	101.9%
Domestic	207.1	188.0	+10.1%	201.3	102.9%
Overseas	72.2	57.4	+25.8%	72.7	99.3%
Operating profit	22.2	25.1	-11.5%	22.0	101.1%
Operating margin	8.0%	10.2%	-2.3pts	8.0%	-0.1pts
Domestic	19.6	23.2	-15.2%	18.2	107.9%
Overseas	2.6	2.0	+30.8%	3.8	68.3%
Ordinary profit	23.5	26.9	-12.9%	25.0	93.8%
Net profit*	14.8	18.1	-18.2%	15.5	95.3%

*Profit attributable to owners of parent

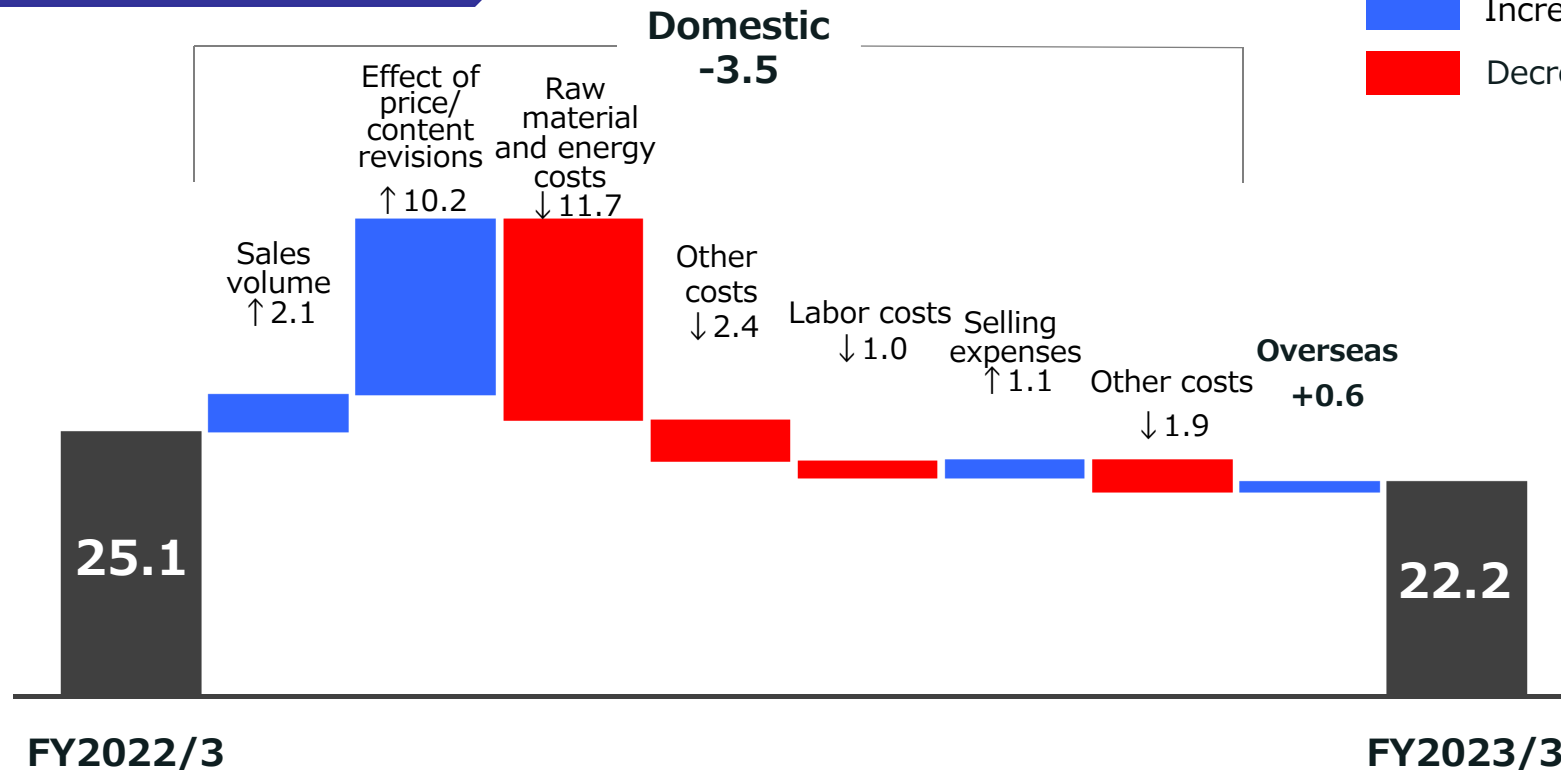
FY2023/3 Results highlights



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



- Domestic**
 - Sales volume: Snacks, particularly *Jagarico*, performed well and volume increased after price revisions
 - Raw material/energy costs: Cooking oil, packaging, imported raw materials, domestic potatoes, and energy costs soared
 - Labor costs: Increase labor costs on dealing with labor shortage
 - Sales promotion costs: Continuous improvement activities were successful, and effective promotions were launched in conjunction with price revisions
- Overseas**
 - Other costs: Increase in expenses due to normalization of social activities
 - Effect of price/content revisions (+¥5.6bn), raw material and energy costs (-¥3.2bn)

FY2023/3 Domestic business



- Snacks:** Strong demand for snack foods throughout the year
 Sales increase due to price revision, as well as volume growth on successful post-revision promotions and renewals
 Sales of gift snack items bounced back due to recovery in travel demand
- Cereals:** Launched *Baked Oats* in response to demand for oatmeal
 Sales of core products *Frugura* were down
- Others:** Sales firmed in the sweet potato business

(Billion yen)

	FY2023/3		
		Change(YoY)	
Domestic sales	207.1	+19.1	+10.1%
Snacks	194.0	+17.1	+9.7%
<i>Potato Chips</i>	90.9	+7.5	+9.0%
<i>Jagarico</i>	40.0	+5.1	+14.7%
Snack food products with new value / other snacks	63.1	+4.5	+7.7%
Cereals	24.2	-0.5	-2.0%
Others (Sweet potatoes, Potatoes, Services)	13.7	+1.7	+14.2%
Rebates deducted from sales	-24.9	+0.7	—
Domestic operating profit	19.6	-3.5	-15.2%
Operating margin	9.5%	-2.8pts	—

*Amounts for sales of Snacks, Cereals and Others (Sweet potatoes, Potatoes, Services) are prior to deduction of rebates, etc.

FY2023/3 Overseas business



- **North America:** Strong sales of *Harvest Snaps* even after price revisions
- **Greater China:** Sales increased due to expansion of product lineup and sales channels
Operating profit decreased due to investment in communications to raise brand awareness
- **Other regions:** Strong sales even after price and content revisions in the UK and Indonesia
Decrease in operating profit due to higher costs in South Korea, Australia, etc.

(Billion yen)

<Business results by region>	FY2023/3			
		Change(YoY)		Change ex. forex in %
Overseas sales	72.2	+14.8	+25.8%	+11.3%
North America	22.2	+6.1	+37.6%	+15.0%
Greater China	23.4	+3.8	+19.5%	+6.0%
Other regions	36.2	+7.5	+26.3%	+15.1%
Rebates deducted from sales	-9.7	-2.6	—	—
Overseas operating profit	2.59	+0.61	+30.8%	—
Operating margin	3.6%	+0.1pts	—	—
North America	0.79	+0.83	—	—
Greater China	0.93	-0.05	-5.4%	—
Other regions	0.88	-0.17	-15.8%	—

*Sales by region are amounts prior to deduction of rebates, etc.

2. Calbee Group Growth Strategy “Change 2025”

Management policy in the new structure

Things that won't change

Our Value and founding philosophy

Corporate Message

Calbee
Harvest the Power of Nature.

Corporate Philosophy

We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles.

Group Vision

We must earn respect, admiration and love firstly of our customers, suppliers and distributors, secondly of our employees and their families, thirdly of the communities, and finally of our stockholders.



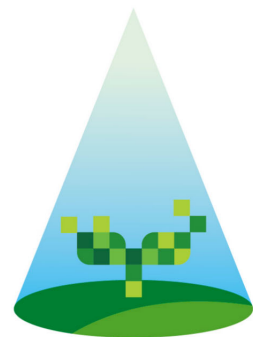
Founding philosophy

To be a company that gathers knowledge in order to create products that are healthy, safe, and affordable, and which utilize unused food resources

Management policy in the new structure

Things we need to change

- 1. Move away from quantitative growth strategies and revitalize the Calbee brand**
- 2. Proactively invest capital/human resources in growth areas**
- 3. Create an organizational/corporate culture/structure that can corporate reform**



**NEXT Calbee
& Beyond**

Concentrate internal and external management resources/wisdom, and coupled with the power of our employees, advance reform initiatives and return to a growth trajectory

Reviewing the Medium-term Business Plan

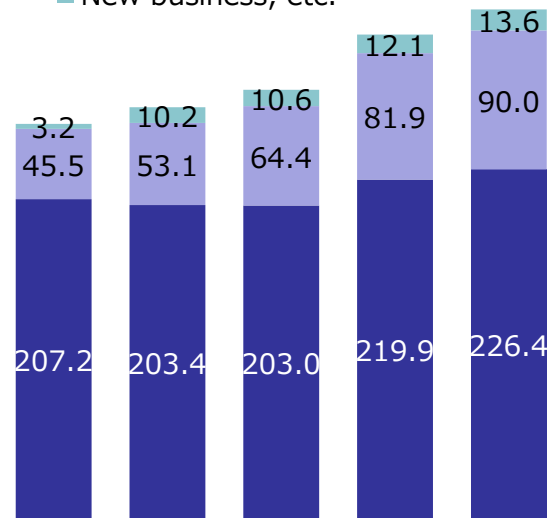


- For the last four years, overseas business has expanded, but operating profit has continued to decline
- Amid changes in the business environment, our current challenge is to strengthen the profit structure of the domestic core business

Consolidated gross sales

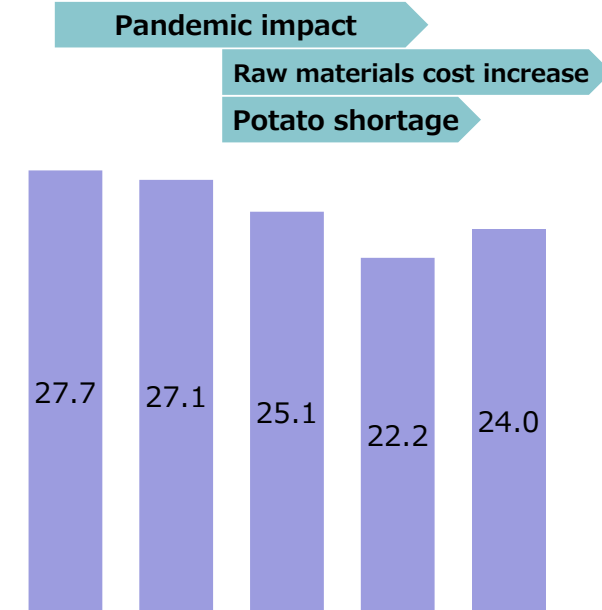
(Billion yen)

- Domestic core
- Overseas
- New business, etc.



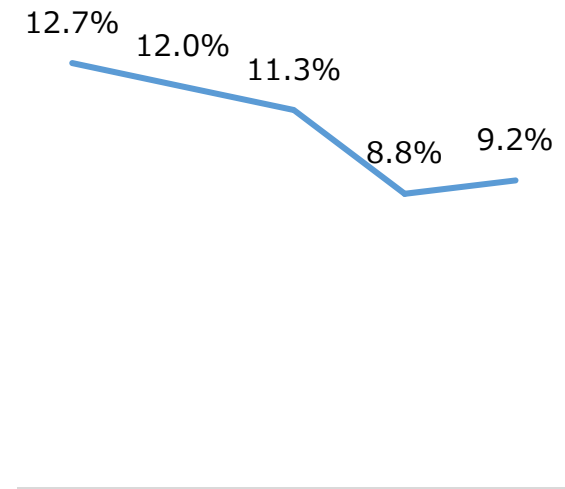
Consolidated operating profit

(Billion yen)



Domestic core business operating profit margin

(For total sales/Calbee + JFL)

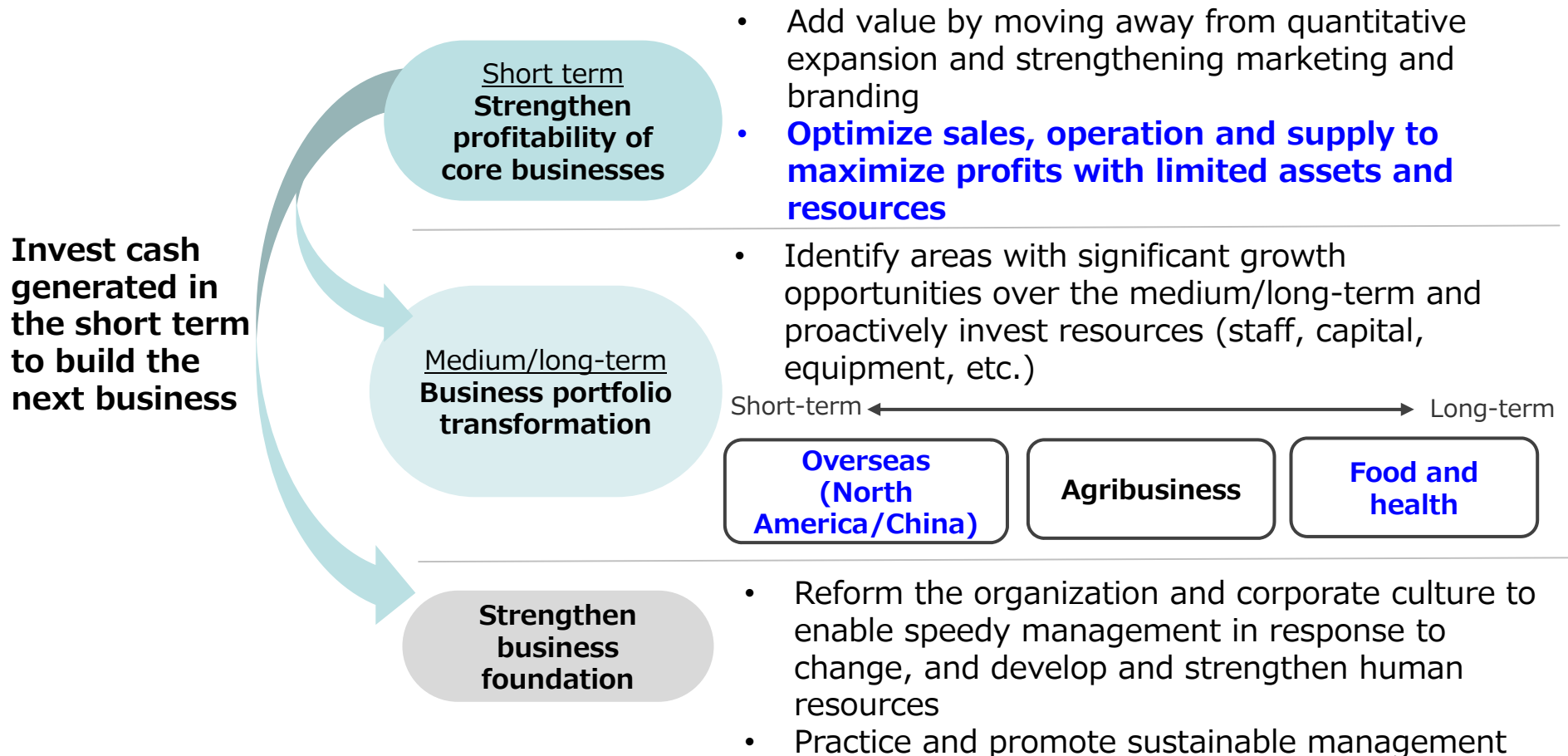


Change 2025 A 3-year Plan for Transformation

Business structure reforms for future growth

Strengthen profitability of core domestic businesses and invest in global and new areas and business platforms

**Further explanation on the blue text below can be found on slides 11-14*

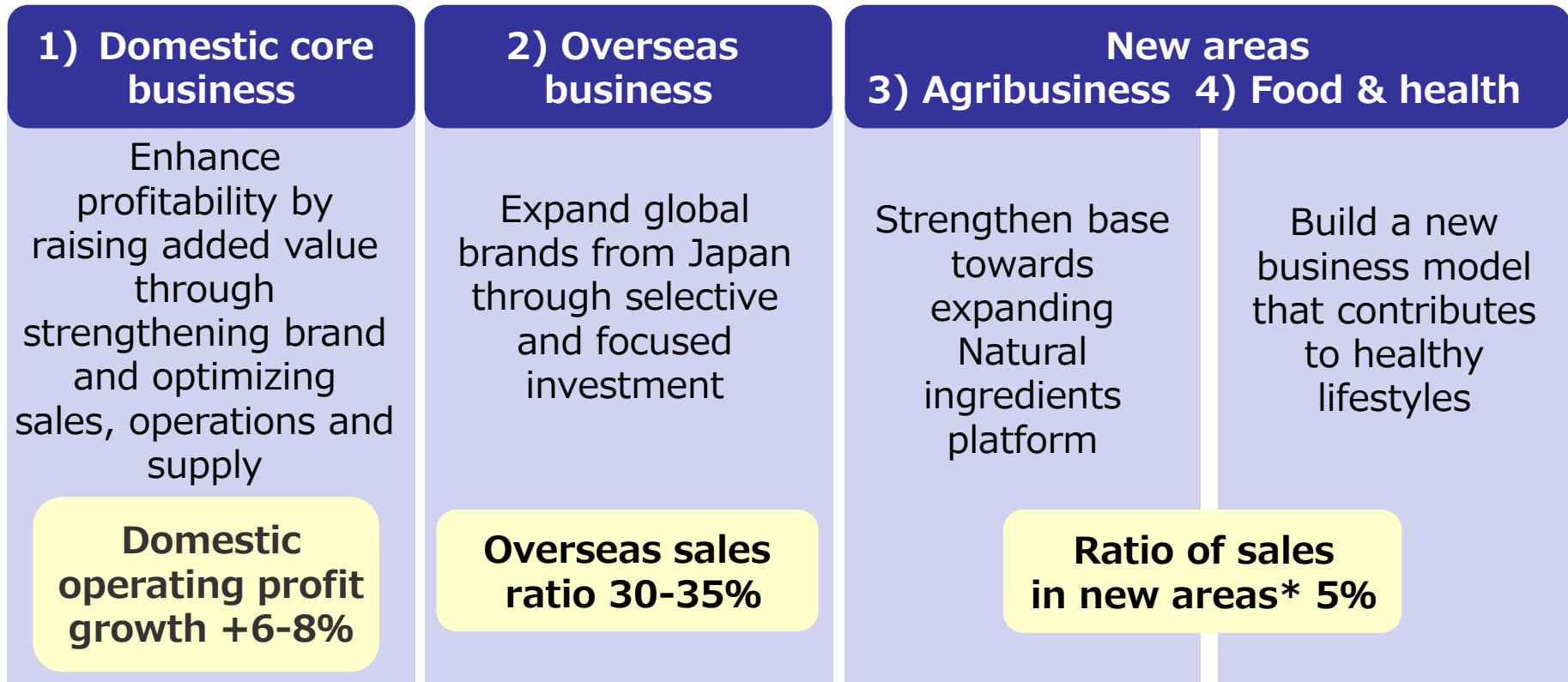


Change 2025 Growth Guidance and Key Policies



Rapidly advance priority policies while achieving organic growth in line with the growth guidance laid out in Change 2025

Organic sales growth ratio	+4-6%
Consolidated Operating profit growth	+6-8%
ROE	10%+



Main KPI

*Refers to new areas such as agribusiness, food and health, etc.

Change 2025 *Progress of Key Policies*

Domestic core business

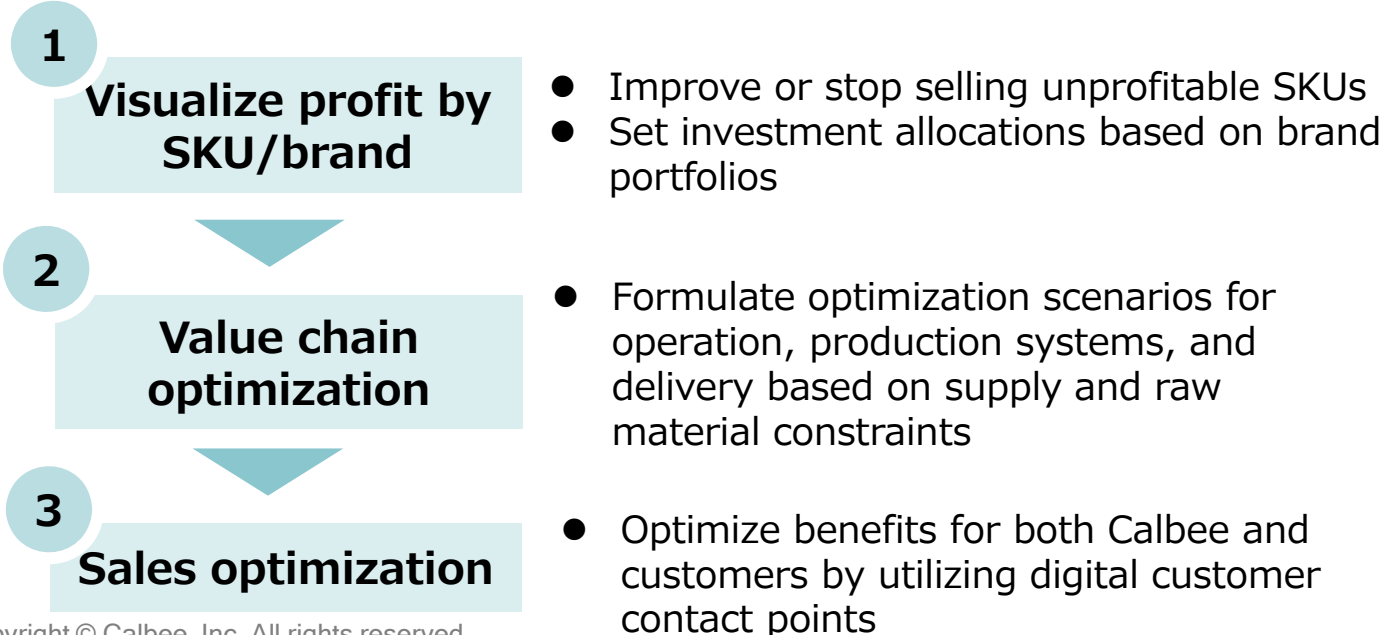
Enhance profitability by optimizing sales, operations and supply

Structural issues in the domestic core business

1. Risk related to fluctuations in potato procurement
2. Excessive SKUs
3. Lack of production capacity

Break away from growth that relies on quantitative expansion and make the best use of limited resources

Leverage digital transformation to speed up decision making during procurement, production, logistics, and sales and optimize profits throughout the supply chain



Digital transformation

Change 2025 *Progress of Key Policies*

Overseas business

Expand development of global brands from Japan

Products

Introduce localized and umbrella products tailored to market needs



Hot cereal

Incorporate consumer needs in the Chinese market to make *Furuga* a choice for breakfast as a product with ingredients that have health appeal and that can be eaten with warm milk

Sales

Aim to expand market recognition by introducing products in growth channels in each market



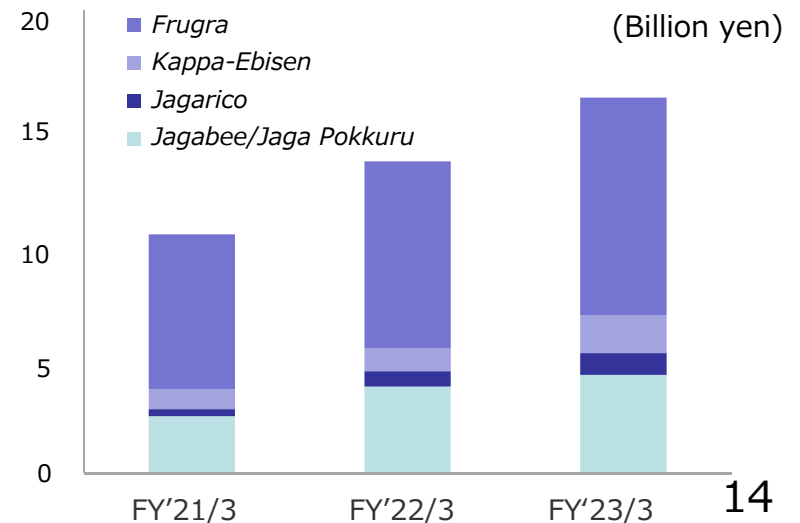
North America: Expand distribution from ethnic markets to member stores

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China: Expand efforts at member stores like Sam's, Costco, etc.

Sales of major products from Japan in North America and China



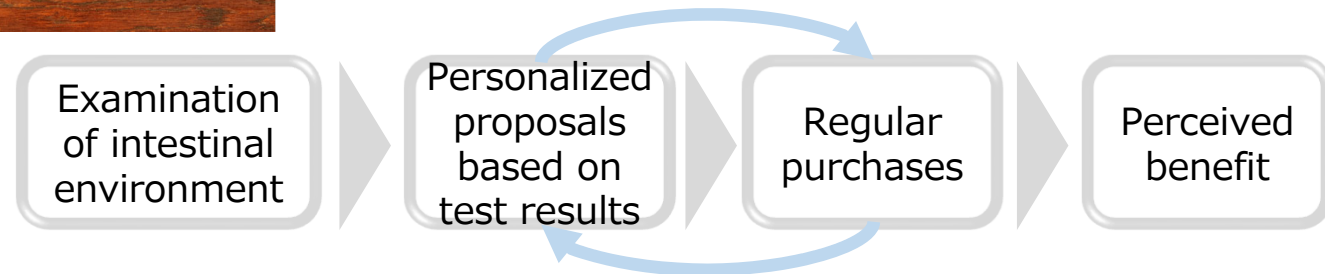
Food & health

Build a new business model of contributing to healthy lifestyles

Begin the Body Granola new service/personal food program, which will contribute to customers' health with products/services suited to each individual's circumstances



- D2C service with regular purchases that tests individuals' intestinal flora and proposes granola based on test results
- Joint business with Metabologenomics, Inc. (R&D support) and Cykinso, Inc. (intestinal flora examination/analysis)
- Began joint research with Metabologenomics in 2020 upon noting concern about lowered immunity due to the COVID pandemic



3 . FY2024/3 Full Year Forecast

FY2024/3 Full Year Forecast



**As this is the first year of corporate reform (Change 2025),
achieve indicated growth guidance (FY2024/3-FY2026/3)**

(Billion yen)	FY'22/3 Act	FY'23/3 Act	FY'24/3 Forecast	YoY		growth guidance (3-year)
Gross sales	278.0	313.8	330	+16.2	+5%	+ 4-6%
Net sales	245.4	279.3	293	+13.7	+5%	-
Operating profit	25.1	22.2	24	+1.8	+8%	+ 6-8%
Operating margin vs gross sales	9.0%	7.1%	7.3%	+0.2pts	-	-
vs net sales	10.2%	8.0%	8.2%	+0.2pts		
Net profit	18.1	14.8	15	+0.2	+2%	-
ROE	10.3%	8.5%	8.4%	-	-	10%+

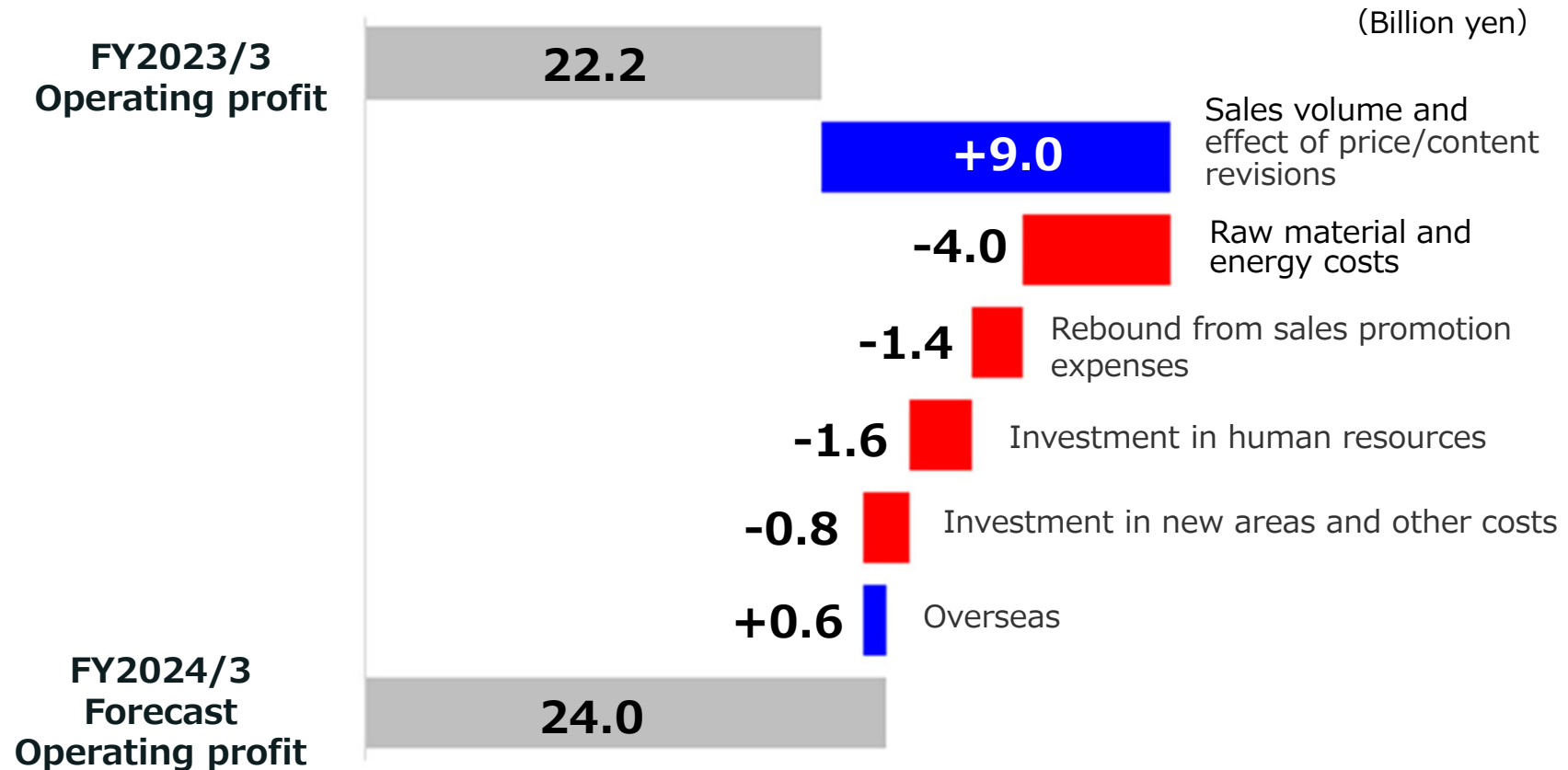
Main KPI

Domestic operating profit growth	-6%	-15%	+6%	-		+ 6-8%
Overseas sales ratio	23%	26%	27%	-		30-35% (FY'26/3)
Ratio of sales in new areas	3.3%	3.9%	4.3%	-		5% (FY'26/3)

FY2024/3 Full Year Forecast

Implement additional price and content revisions in response to cost increases from previous years

Invest in human resources, new areas, etc.



FY2024/3 Full year forecasts

Domestic business



- Snacks: Will implement price/content revisions in June
In gift snack items, inbound demand is expected to recover
- Cereals: Review SKUs and implement effective promotions to recapture customers that have left the brand and acquire new ones

(Billion yen)

	FY2024/3		
		Change(YoY)	
Domestic sales	213.0	+5.9	+2.8%
Snacks	200.2	+6.2	+3.2%
<i>Potato Chips</i>	94.5	+3.6	+3.9%
<i>Jagarico</i>	42.0	+2.0	+5.0%
Snack food products with new value / other snacks	63.7	+0.6	+0.9%
Cereals	24.6	+0.4	+1.6%
Others (Sweet potatoes, Potatoes, Services)	15.2	+1.5	+10.7%
Rebates deducted from sales	-27.0	-2.1	-
Domestic operating profit	20.8	+1.2	+5.9%
Operating margin	9.8%	+0.3pts	-

FY2024/3 Full year forecasts

Overseas business



- North America: Growth in *Harvest Snaps* and Japan brands
Aim for profit growth through integration of management structures
- Greater China: Implement promotions to increase brand awareness
Enhance existing physical channels, expand new e-commerce channels
Strengthen snack product line-up, enter hot cereals market

(Billion yen)

<Forecasts by region>	FY2024/3		
		Change(YoY)	
Overseas sales	80.0	+7.8	+10.8%
North America	25.0	+2.8	+12.5%
Greater China	25.5	+2.1	+8.9%
Other regions	39.5	+3.3	+9.0%
Rebates deducted from sales	-10.0	-0.3	—
Overseas operating profit	3.2	+0.61	+23.4%
Operating margin	4.0%	+0.4pts	—
North America	0.97	+0.19	+24.0%
Greater China	0.74	-0.19	-20.1%
Other regions	1.49	+0.60	+68.5%

Investment plan

Invest in productivity improvement and growth areas, etc., using operating cash flows, cash on hand and borrowings

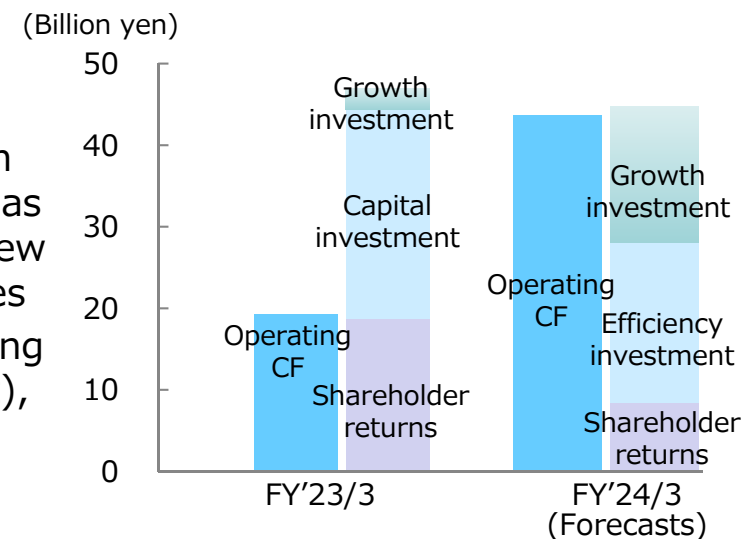
■ FY2023/3

- Capital investment: ¥25.7bn
 - Domestic business: ¥24.1bn (new Hiroshima plant ¥14.5bn)
 - Overseas business: ¥1.6bn (UK production facilities, etc.)
- Growth investment: ¥2.6bn (acquisition of shares in Greenday, etc.)

■ FY2024/3 (Forecasts)

- Growth investment: Investment to increase production capacity both in Japan and overseas (new *Jagarico* line, etc.), and in new value products and new businesses
- Efficiency investment: Investment contributing to raising productivity (new Hiroshima plant), for digital transformation, etc.

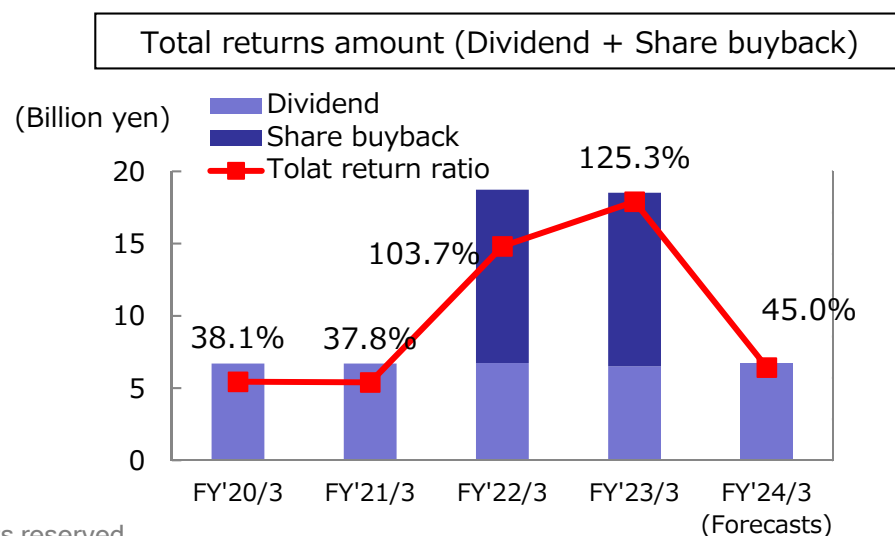
Operating CF, investment and shareholder returns



Shareholder returns

Aim to stably increase dividends with a total return ratio of 50% and more and DOE of 4%.

	FY2022/3	FY2023/3	FY2024/3 Forecasts
Dividend per share (Yen) (YoY)	52 (+2)	52 (±0)	54 (+2)
DOE	3.9%	3.8%	3.8%
Total return ratio	103.7%	125.3%	45.0%
Total dividend amount (Billion yen)	6.7	6.5	6.8
Total share repurchase amount (Billion yen)	12	12	-



Reference material

Consolidated profit and loss statement **Calbee**

Harvest the Power of Nature.

(Million yen)

	FY2023/3				FY2024/3 Forecasts		
		Percent of total(%)	Change (YoY) (%)	vs. plan Ratio* (%)		Percent of total(%)	Change (YoY) (%)
Net sales	279,315	100.0	+13.8	101.9	293,000	100.0	+4.9
Gross profit	90,200	32.3	+7.4	104.6	95,700	32.7	+6.1
SG&A	67,967	24.3	+15.6	105.9	71,700	24.5	+5.5
Selling	10,967	3.9	+32.5	103.5	11,800	4.0	+7.6
Distribution	21,675	7.8	+8.1	103.2	22,800	7.8	+5.2
Labor	21,788	7.8	+11.3	104.3	23,400	8.0	+7.4
Others	13,536	4.8	+24.1	115.7	13,700	4.7	+1.2
Operating profit	22,233	8.0	-11.5	101.1	24,000	8.2	+7.9
Ordinary profit	23,460	8.4	-12.9	93.8	23,500	8.0	+0.2
Extraordinary income/loss	-819	-	-	-	-500	-	-
Net profit**	14,772	5.3	-18.2	95.3	15,000	5.1	+1.5

* Revised plan as of first half of the fiscal year ended March 2023

**Profit attributable to owners of parent

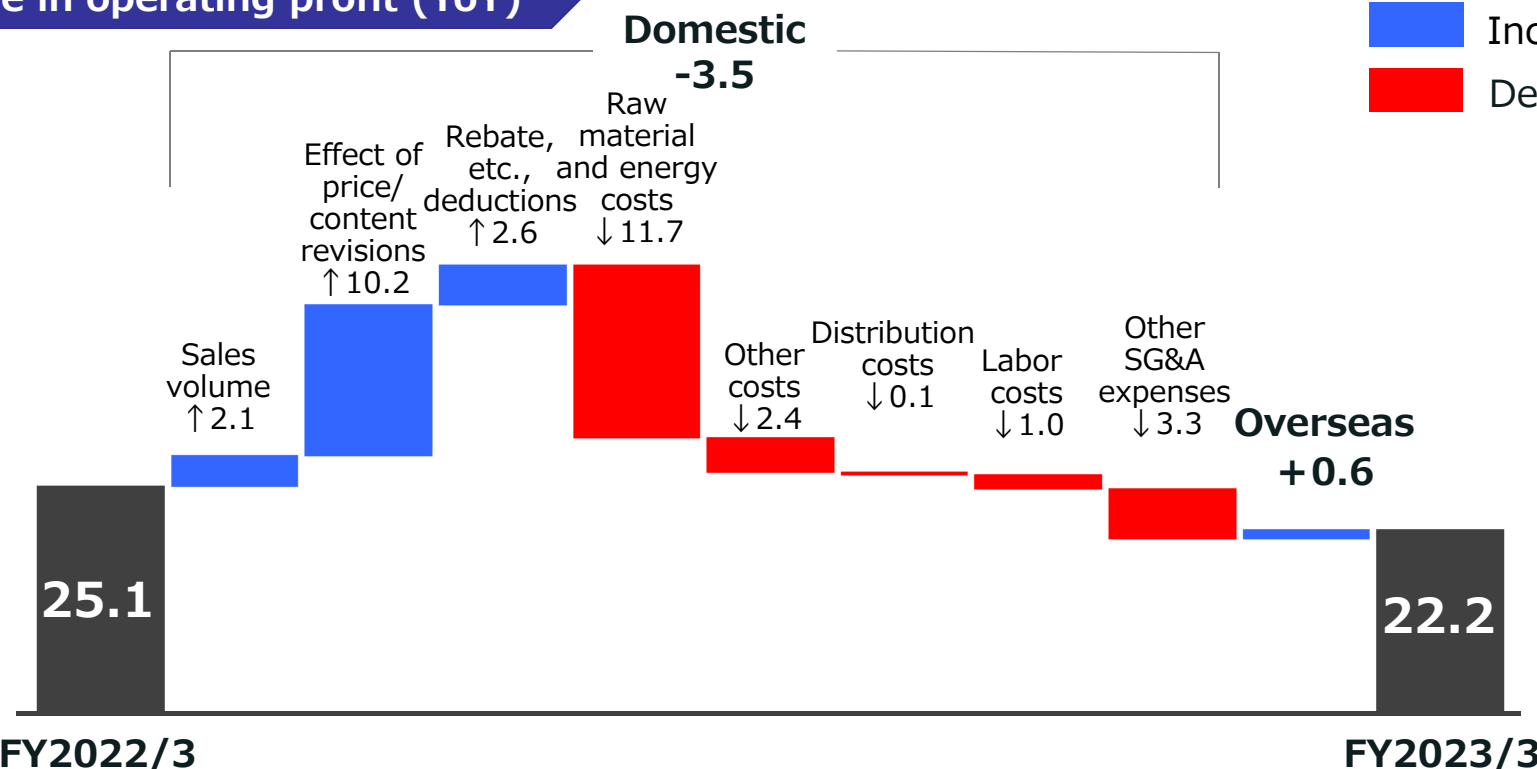
FY2023/3 Operating profit analysis



Change in operating profit (YoY)

(Billion yen)

■ Increase
■ Decrease



- Domestic**
- Rebate, etc., deductions: Result of continuous improvement in sales promotion costs
 - Raw material/energy costs: Cooking oil (-¥2.3bn), imported raw materials (-¥1.6bn), domestic potatoes (-¥1.2bn), packaging (-¥2.2bn), energy costs (-¥2.5bn)
 - Other costs: Higher labor costs in response to chronic labor shortage (-¥0.8bn)
 - Other: Invested in advertising coinciding with price/content revisions (-¥0.6bn), higher expenditures due to normalization of socio-economic activity (-¥0.3bn), systems investment (-¥0.4bn), recategorization of rebate, etc., deductions accompanying direct transactions (-¥1.0bn)
- Overseas**
- Effect of price/content revisions (+¥5.6bn), raw material and energy costs (-¥3.2bn)

FY2023/3 Domestic business

Snacks

■ Potato Chips:

- In H1, sales fell on restrained marketing activities due to a potato shortage
- In H2, sales volumes rose even after price revisions in September on the larger Hokkaido potato harvest and firm demand
- Marketing initiatives after price revisions, such as increased volume and investment in new products, succeeded

■ Jagarico:

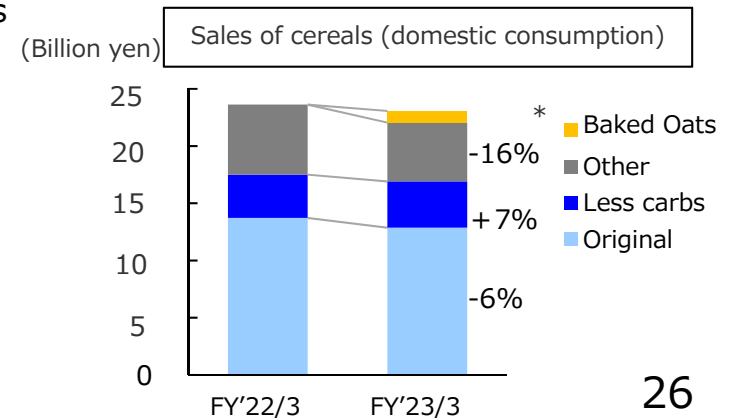
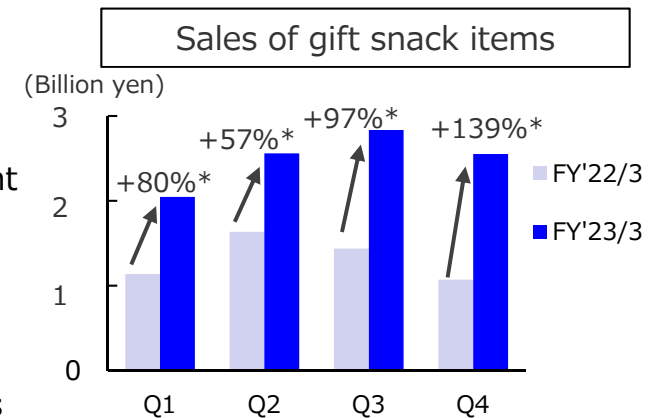
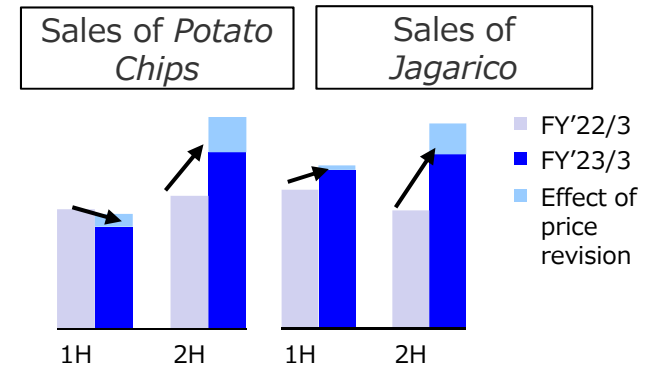
- Strong demand continued from H1 on increased outings due to COVID-19 having receded
- Sales rose significantly even after price revisions on proactive investment in TV commercials and limited-time products

■ Products with new value and other snacks:

- Sales of gift snack items such as *Jaga-Pokkuru* rose significantly on increased domestic travel due to nationwide programs to support travel and recovery in inbound demand due to the relaxation of border policies
- Sales of corn-based snacks rose on their having been the sales focus while *Potato Chips* sales promotions were restrained, as well as investment in marketing activities such as TV commercials

Cereals

- Entered oatmeal market in April with launch of *Baked Oats*
- Sales rose as the launch of the second Less Carbohydrates product, *Berry Cacao*, contributed
- Sales of the original product fell due to lower demand



FY2023/3 Overseas business

North America

■ Sales

- Strong sales of *Harvest Snaps* continued after price revisions, derivative brand *Crunchy Loops* contributed too
- Sales of snacks for ethnic foods areas rose on resolution of container shortages and expansion of sales channels
- Lower OEM sales at Warnock

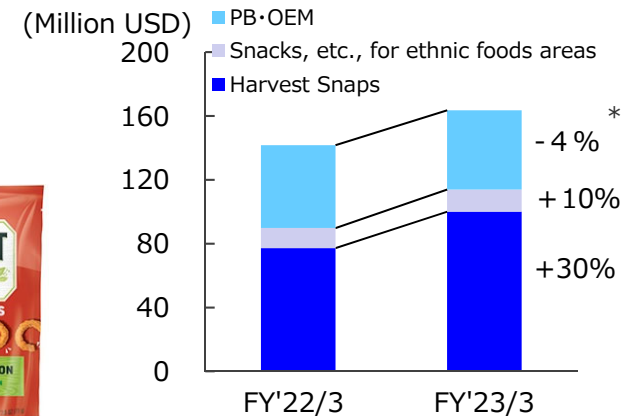
■ Operating profit

- Profit increased as costs ratio improved on higher sales of *Harvest snaps*



Harvest Snaps derivative brand Crunchy Loops

Sales in North America (+15%*)



Greater China

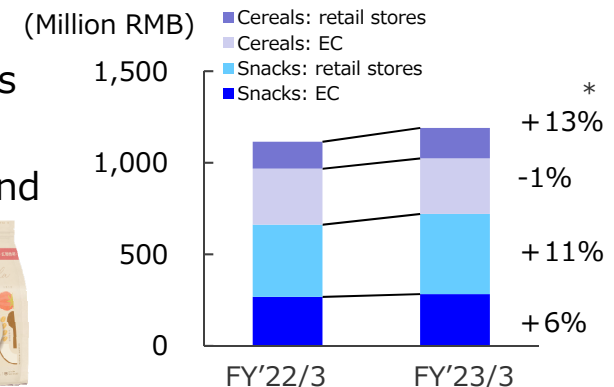
■ Sales

- Proactively conducted brand ambassador promotions, raising brand awareness
- In snacks, *Honey Butter Chip* and products for babies and kids contributed
- Sales rose on expanded sales of *Frugra Less Carbohydrates* and launch of locally-produced muesli



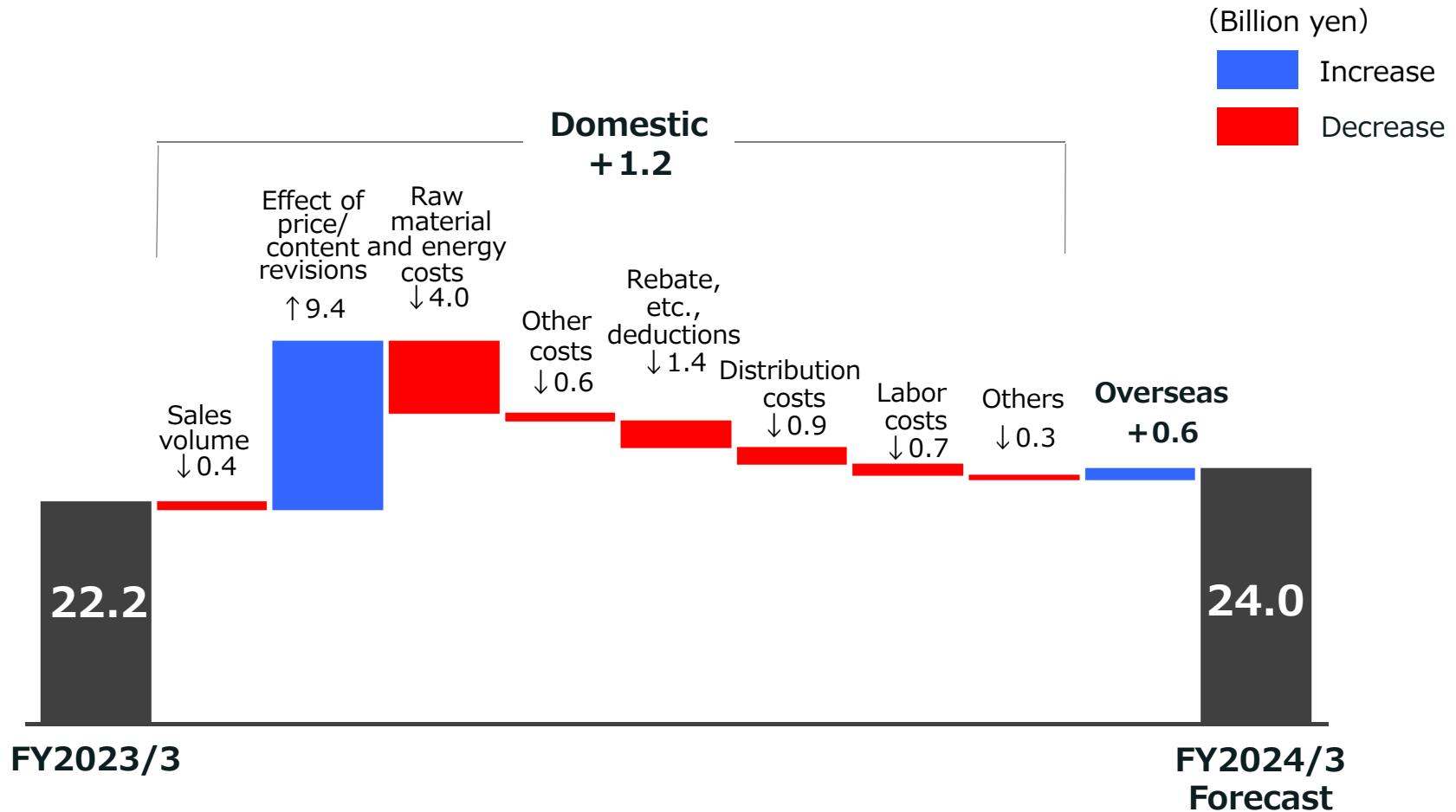
Muesli made by a local OEM

Sales in Greater China (+6%*)



FY2024/3 Full Year Forecast

Change in operating profit (YoY)



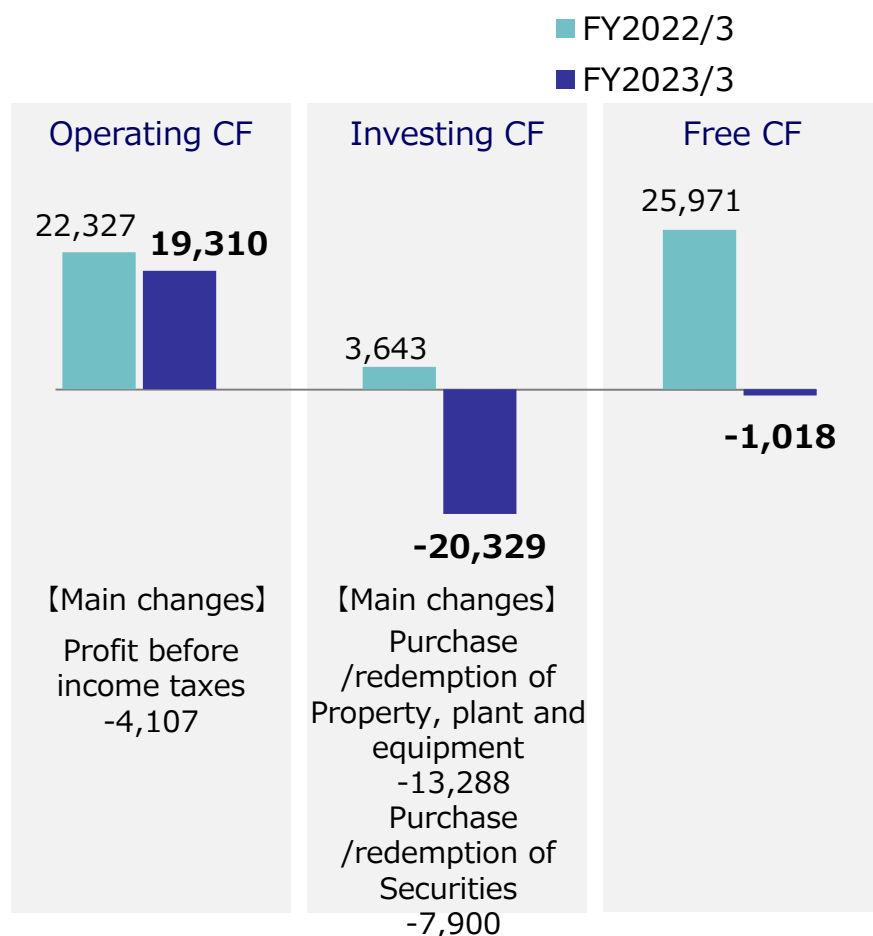
Cash flows and financial condition

(Numbers in parentheses are change from March 31, 2022)

■ Consolidated cash flows (Million yen)

Cash and cash equivalents

March 31, 2022 49,670 ▶ **March 31, 2023 30,292**
(-19,378)



■ Consolidated balance sheets (Million yen)

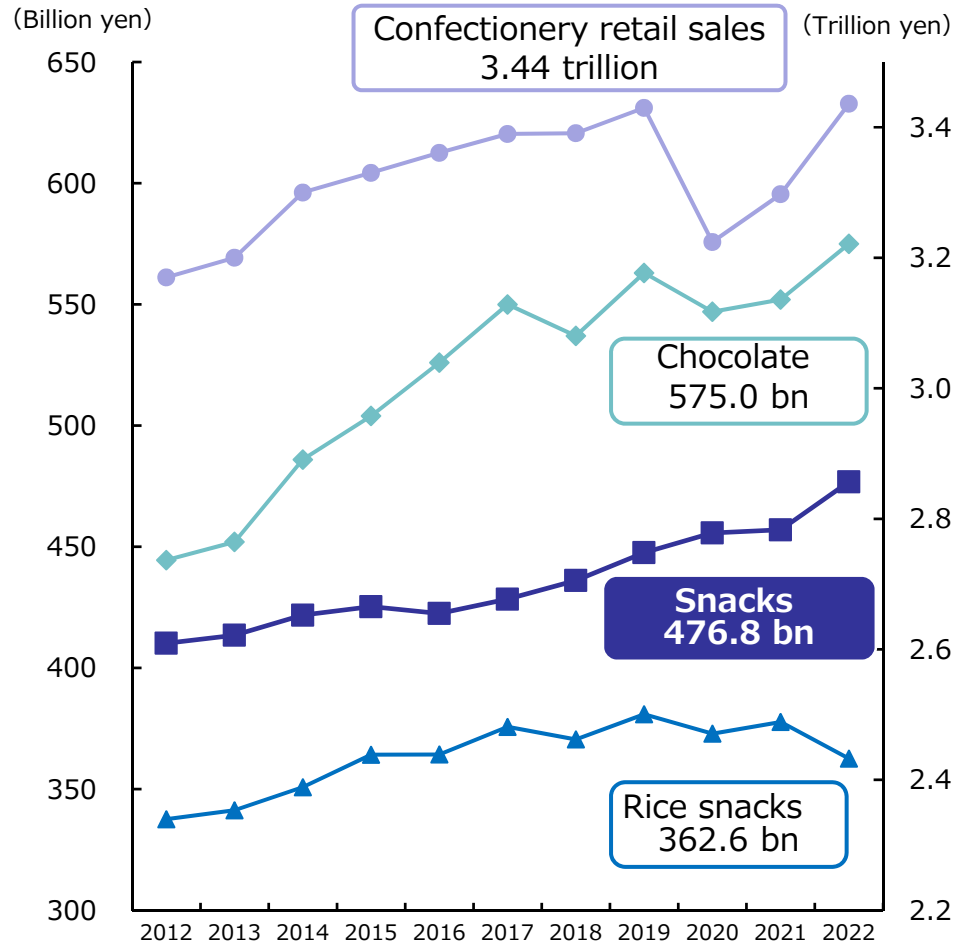
As of March 31, 2023

Total assets 239,095 (+2,496)

Current assets 98,970 (-16,201) [Main changes] Securities -23,999 Inventories +5,350	Current liabilities 45,663 (+3,403)	[Main changes] Notes and accounts payable - trade +1,703
Non-current assets 140,124 (+18,697) [Main changes] Property, plant and equipment +18,554	Non-current liabilities 10,745 (-135)	
Net assets 182,686 (-771)		[Main changes] Treasury shares -11,927 Retained earnings +8,044

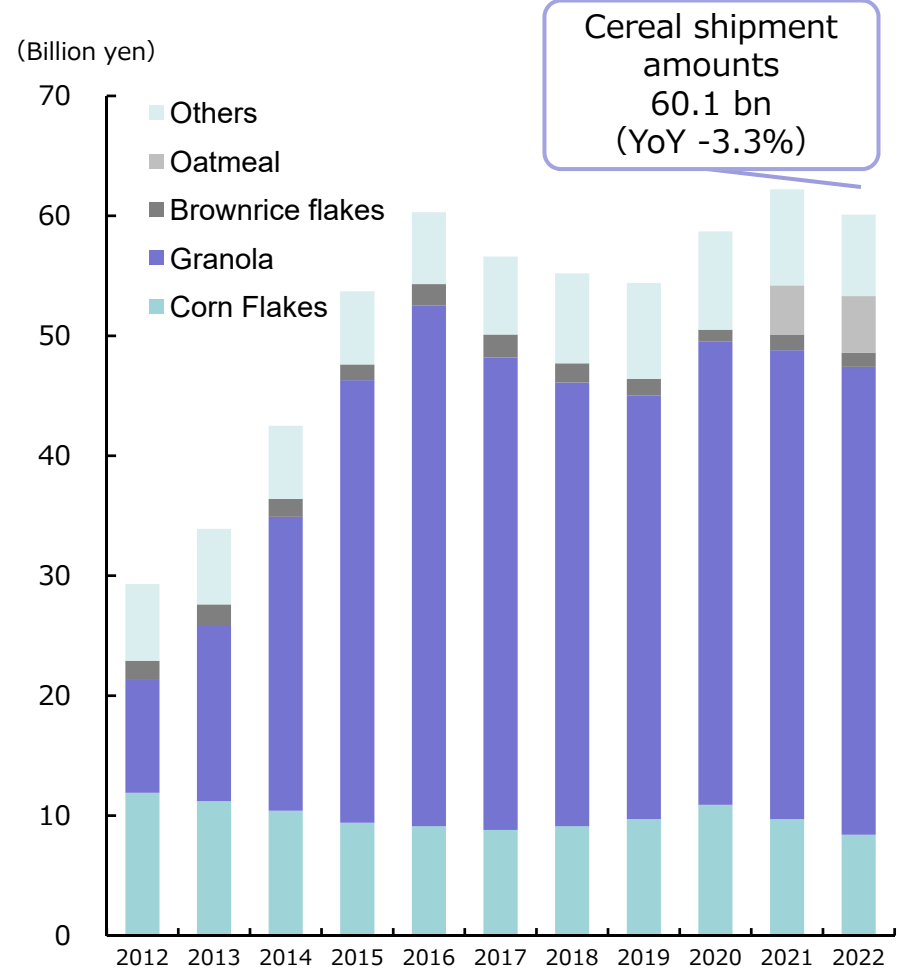
Domestic market

Domestic confectionery market



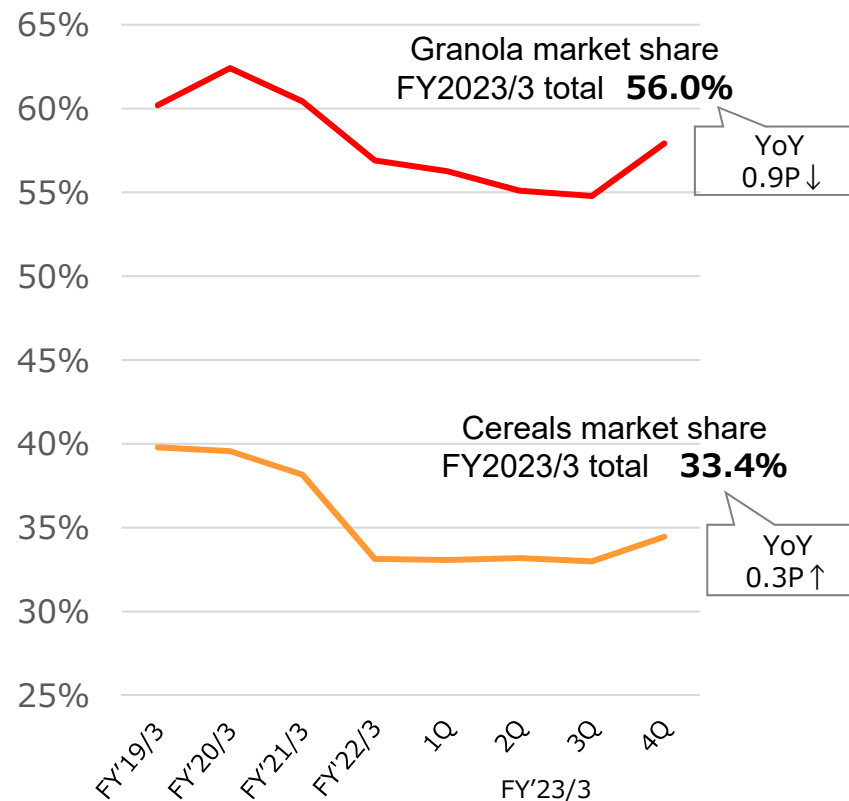
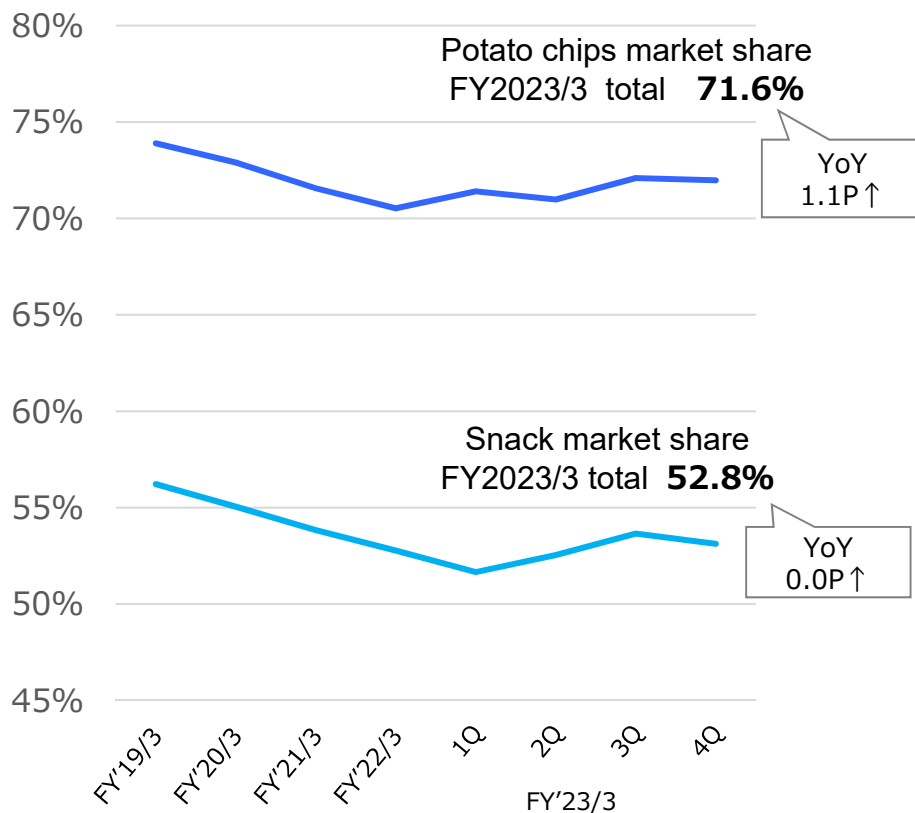
Source: All Nippon Kashi Association

Domestic cereal market



Source: Japan Snack Cereal Foods Association

Domestic market share



Market share by snack category

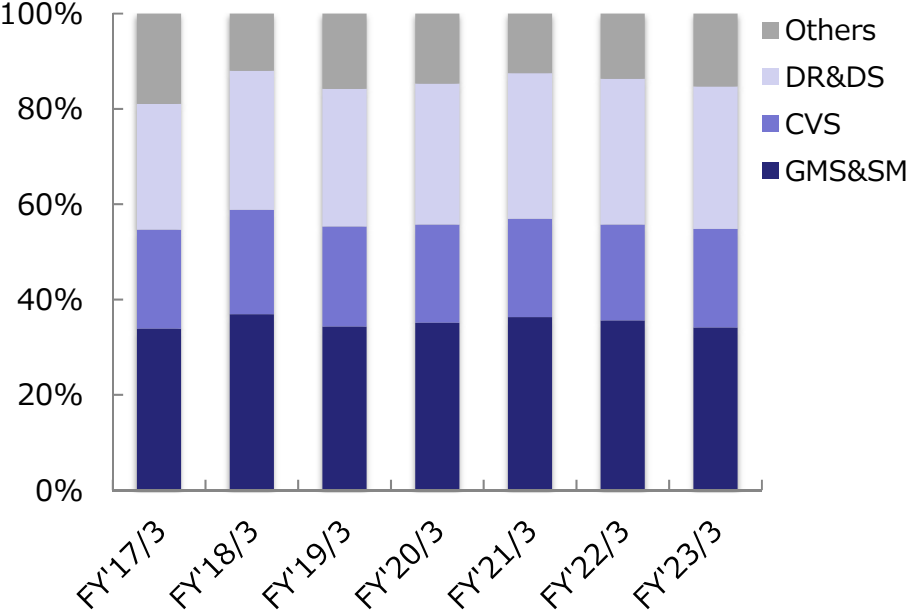
	Potato-based snacks	Flour-based snacks	Corn-based snacks	Bean-based snacks
FY2023/3 (YoY)	74.4% (0.9P ↑)	53.7% (1.1P ↓)	21.5% (0.8P ↓)	55.0% (0.1P ↓)

* Source: Intage SRI+ based on sales (nationwide, all retail formats)
 From FY2023/3 Q3 Intage SRI+ has changed the scope of its statistics; prior figures have been revised to reflect the new scope.
 FY2023/3: April 2022 - March 2023
 FY19/3-FY23/3: April 2018 - March 2023

Snack foods, potato-based snack, corn-based snack, bean-based snack market share: Total of Calbee and Japan Frito-Lay
 Potato chips: Total of potato chips (thick- and thin-sliced), shoestring and kettle types; includes private brand products
 Granola: Granola category of Cereals market
 Potato-based snacks: Raw material of fresh potatoes
 Flour-based snacks: Raw material of flour
 Corn-based snacks: Raw material of corn
 Bean-based snacks: Raw material of bean

Domestic business status

■ Sales composition by business

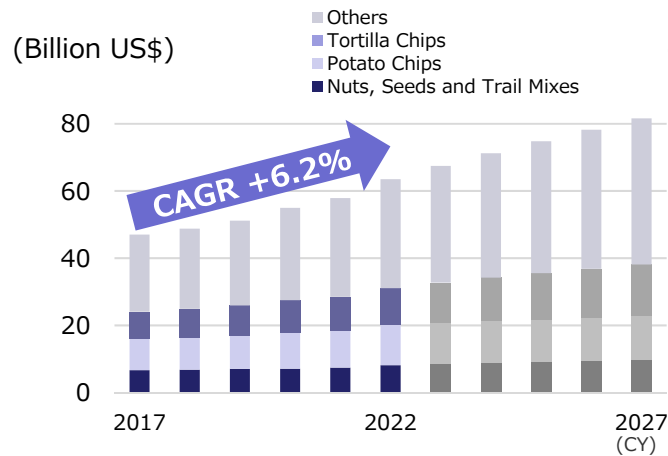


* Calbee alone (manufacturer shipped goods basis)

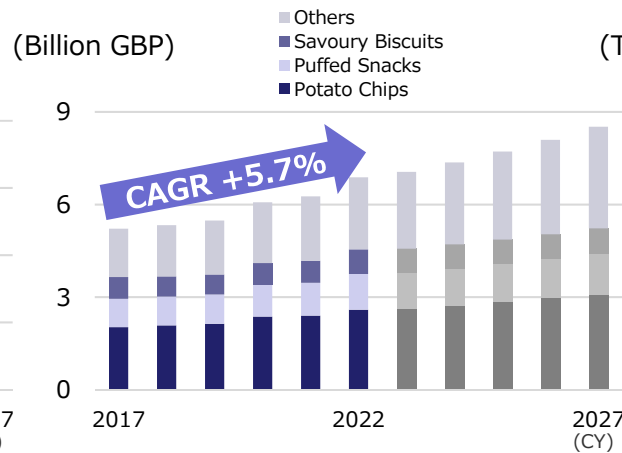
Overseas market by country



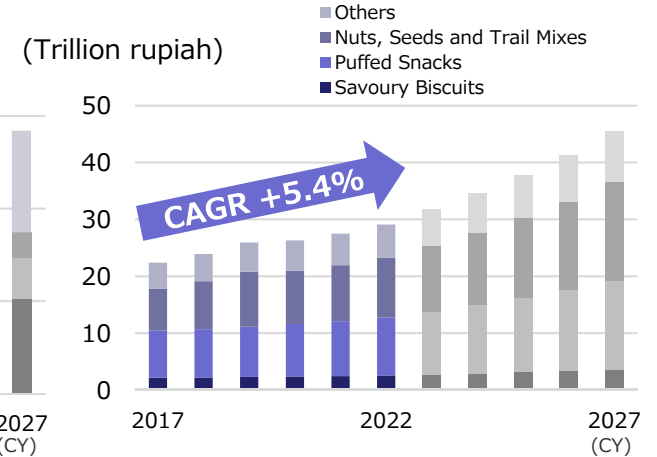
USA snack market



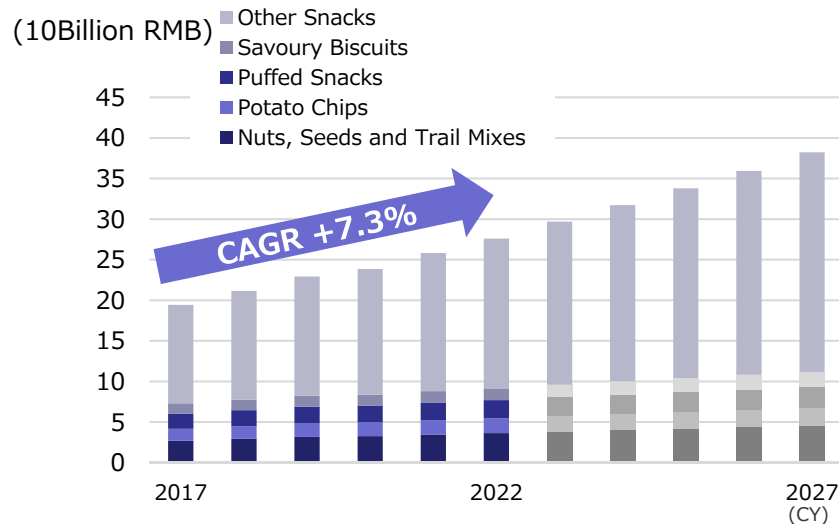
UK snack market



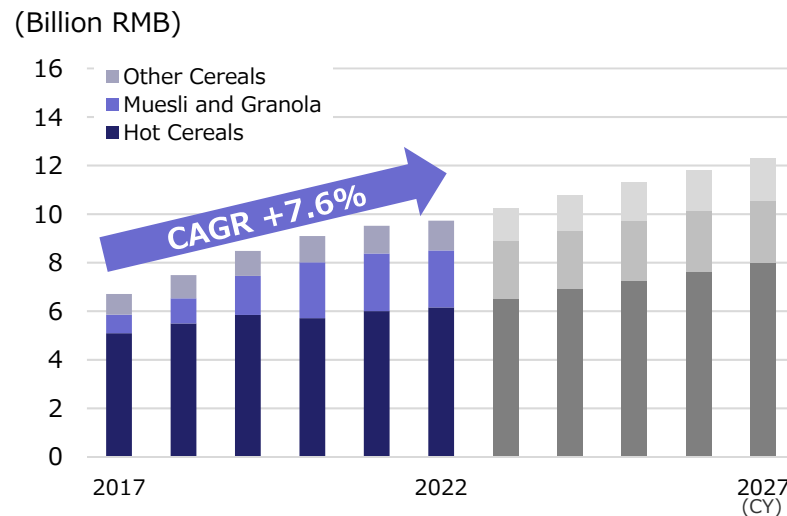
Indonesia snack market



China snack market



China cereal market (For retail store sales)



Source : Euromonitor International

Category : Snack (Savory Snacks : Nuts, Seeds and Trail Mixes, Salty Snacks, Savory Biscuits, Popcorn, Pretzels, Other Savory Snacks) Cereal : Breakfast Cereals (Hot Cereals, RTE Cereals) 2023-2027: Forecast

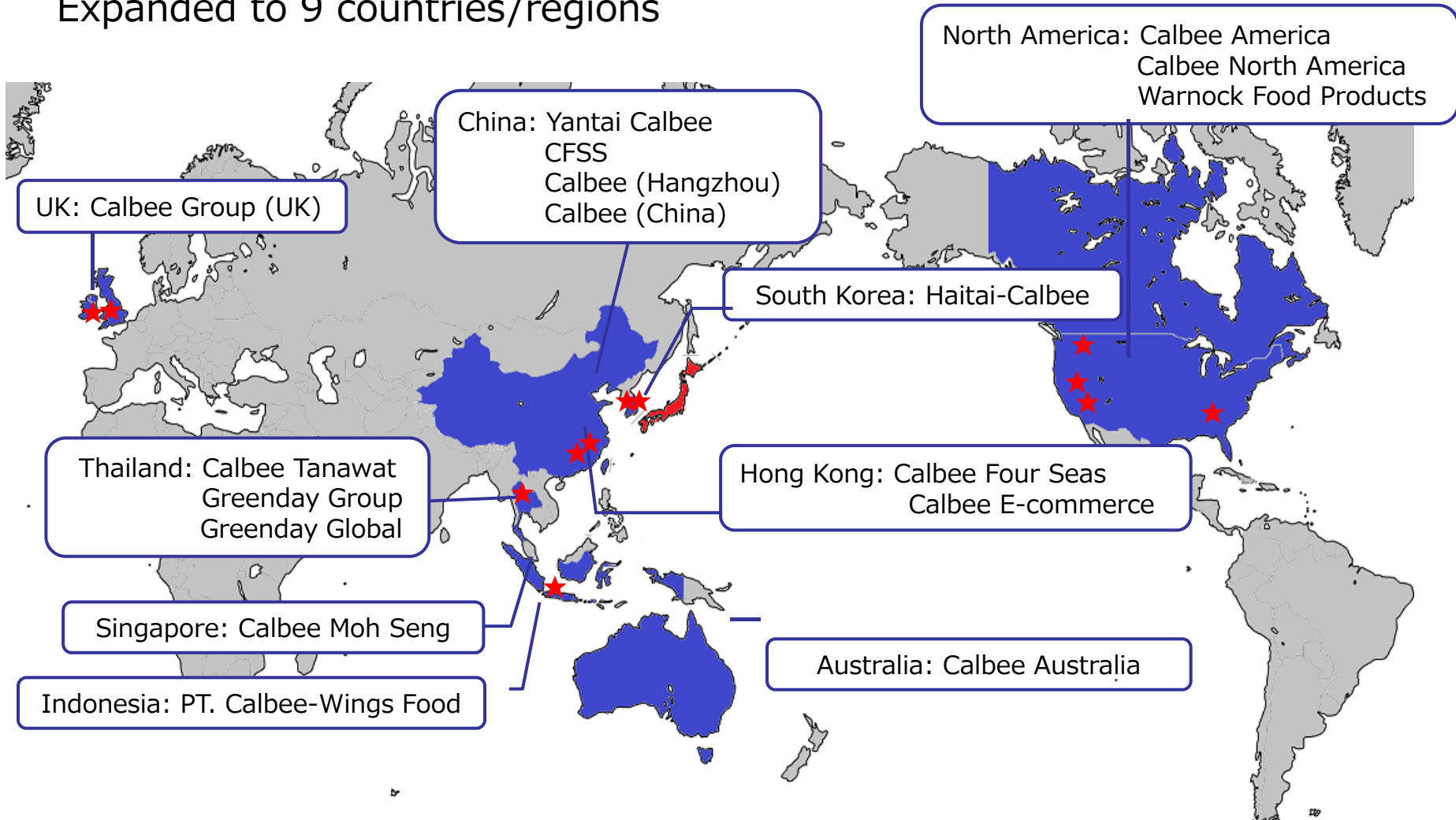
* The aggregation range of the Chinese snack market has been changed from the fiscal year ended March 2022.

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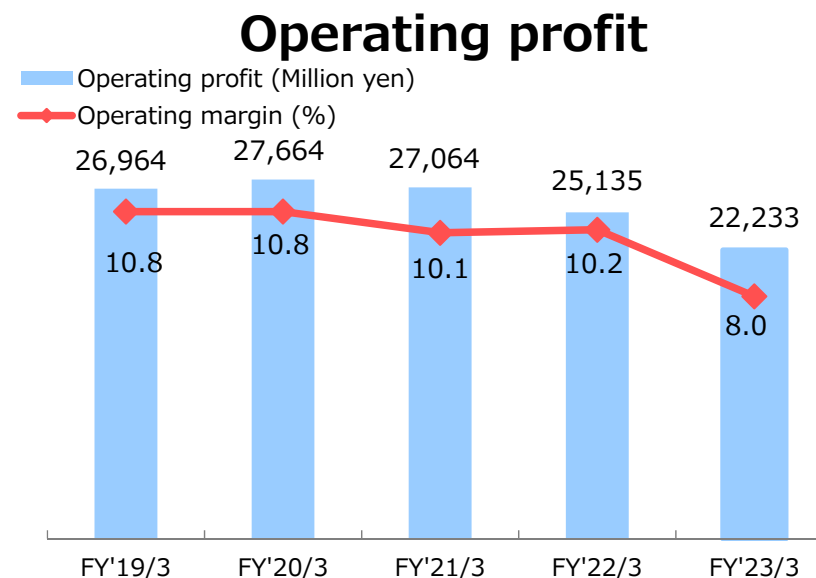
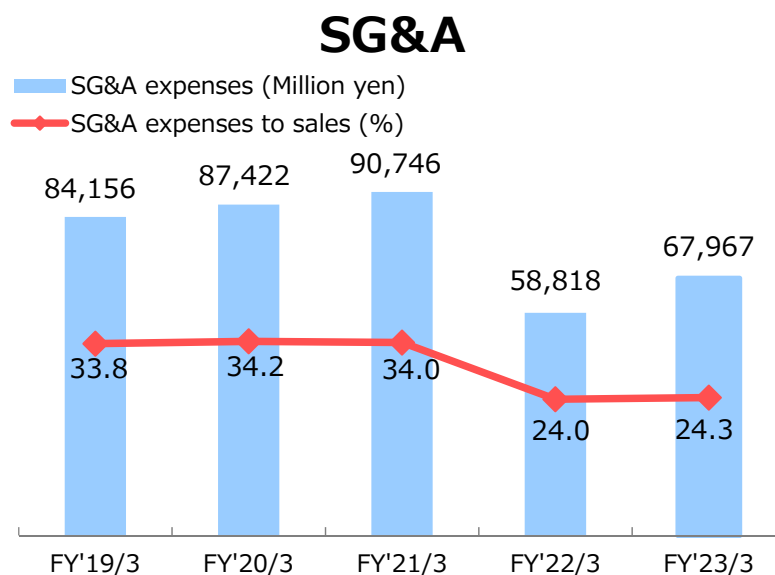
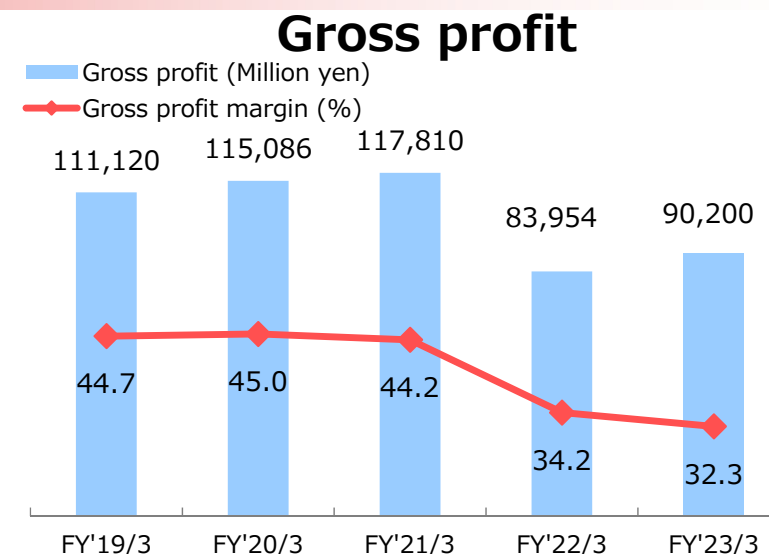
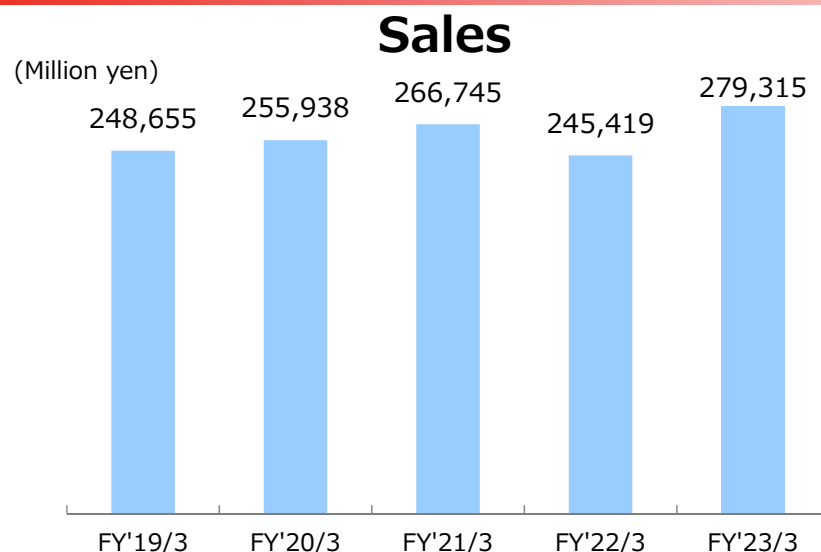
Overseas business status

- **Overseas locations** (as of March 31, 2023)
Expanded to 9 countries/regions

★ Production facilities



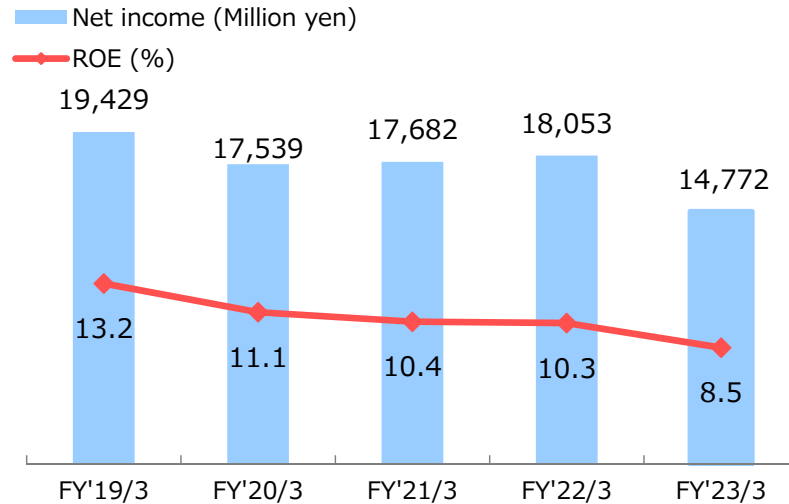
Financial highlights 1



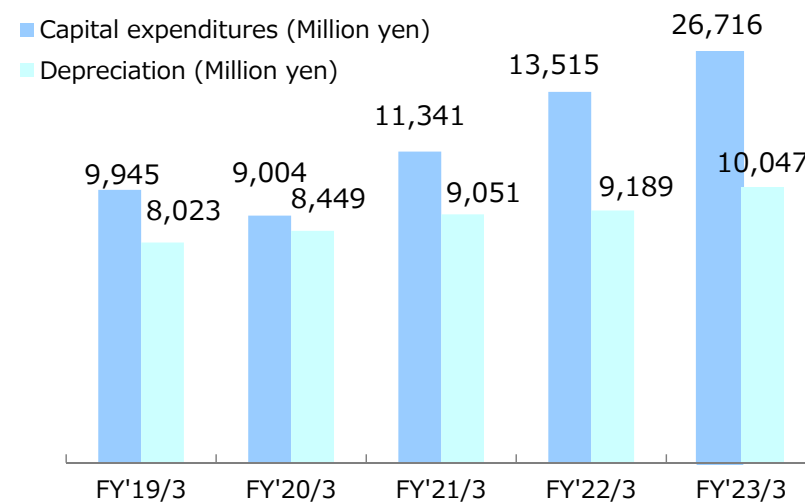
* Effective from the beginning of fiscal year ended March 31, 2022, the Group adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and changed the method to deduct a portion of selling expenses (rebates, etc.) from sales, which was previously recorded in selling, general and administrative expenses.

Financial highlights 2

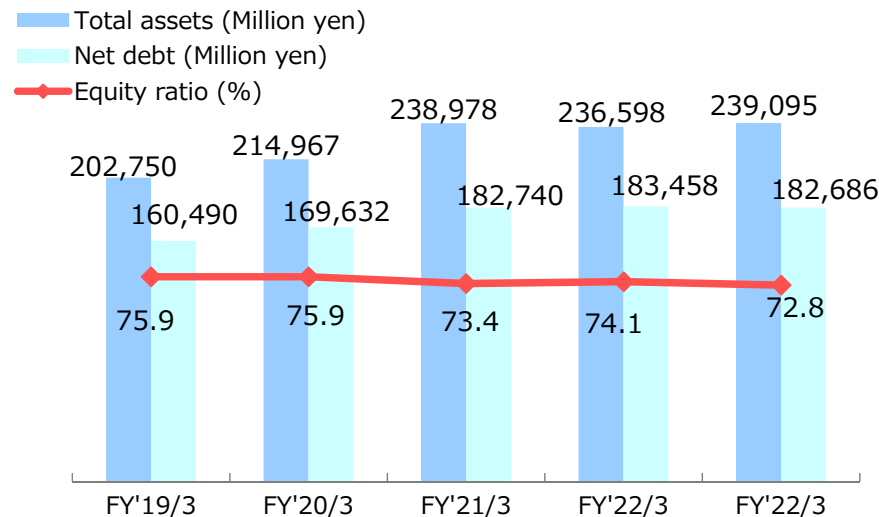
Net income/ROE



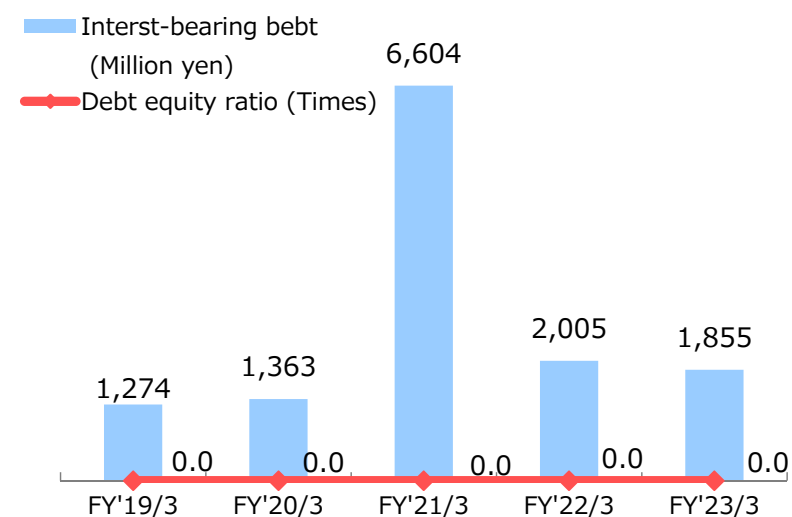
Capital expenditures/Depreciation



Equity ratio



Debt to equity ratio



Jun. 2023 price/content revisions

Effective date	FY'22/3	FY'23/3			FY'24/3
	Jan-Feb. 2022	Jun-Jul. 2022	Sep-Oct. 2022	Nov. 2022	Jun. 2023
Target products					
Sales of target products	¥80.0bn	¥23.0bn	¥120.0bn	¥18.0bn	¥82.0bn
Revisions	Content : -5% Price : +7-10%	Content : -10% Price : +10-20%	Price : +10-20%	Price : +10-20%	Price : +3-15%

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E-mail: 2229ir@calbee.co.jp
<https://www.calbee.co.jp/en/ir/>

- The Company's fiscal year ends on March 31. The fiscal year ended March 31, 2023 is referred to throughout this report as "FY2023/3 (FY'23/3)," and other fiscal years are referred to in a corresponding manner. References to years not specified as being fiscal years are to calendar years.
- This document contains Calbee's current plans, outlook and strategies. Items which are not historical facts are forecasts pertaining to future performance, and are discretionary and based on information currently available to Calbee. This document does not purport to provide any guarantee of actual results. Actual results may differ significantly from forecasts due to various factors.
- This document also contains unaudited figures for reference purposes only.